



Department of Insurance  
Presentation to the Joint  
Legislative Oversight Committee  
on General Government  
December 5, 2017

# FRAUD CONTROL GROUP



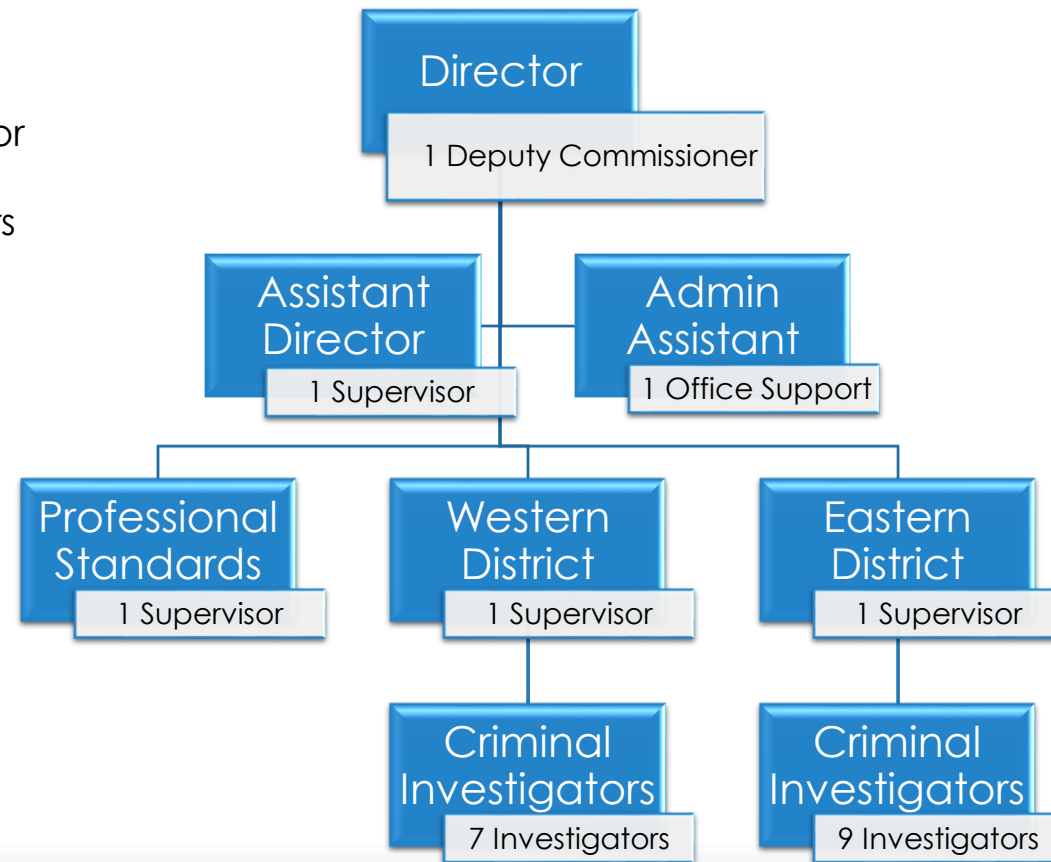


# POSITIONS CREATED/FILLED

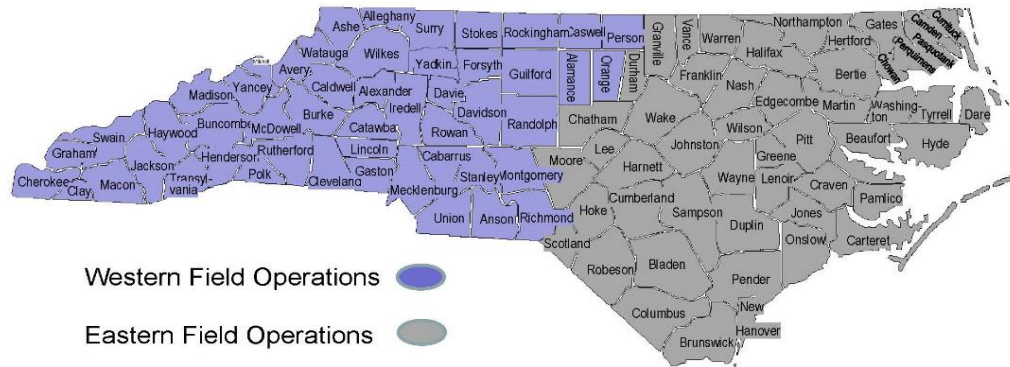
JOB TITLE	TYPE POSITION	QTY	DATE FILLED
<b>Law Enforcement Director</b>	Senior Deputy Commissioner Fraud Control Group	1	9/25
<b>Attorney III</b>	Chief Attorney	1	11/5*
<b>Attorney II</b>	Prosecuting Attorneys	2	11/5
<b>Ins. Company Examiner</b>	Forensic Accountant	1	10/01
<b>Professional Standards Supervisor</b>	Personnel, Training, IA	1	11/01
<b>Investigator Supervisor</b>	District Supervisors	2	12/07
<b>Paralegal II</b>	Support for Criminal Legal Services	1	01/15
<b>Criminal Investigators</b>	Insurance Fraud Investigations	15	01/31
<b>Executive Asst. I (Director)</b>	Admin. Support for Fraud Group	1	01/31
<b>Criminal Analyst</b>	Crime/Intel Analyst	1	01/31
<b>Criminal Specialist</b>	Process Incoming Cases for Assignment	1	01/31
*Filled with Internal Lateral Transfer		<b>Total FTEs</b>	<b>27</b>

# CURRENT CID ORGANIZATION CHART

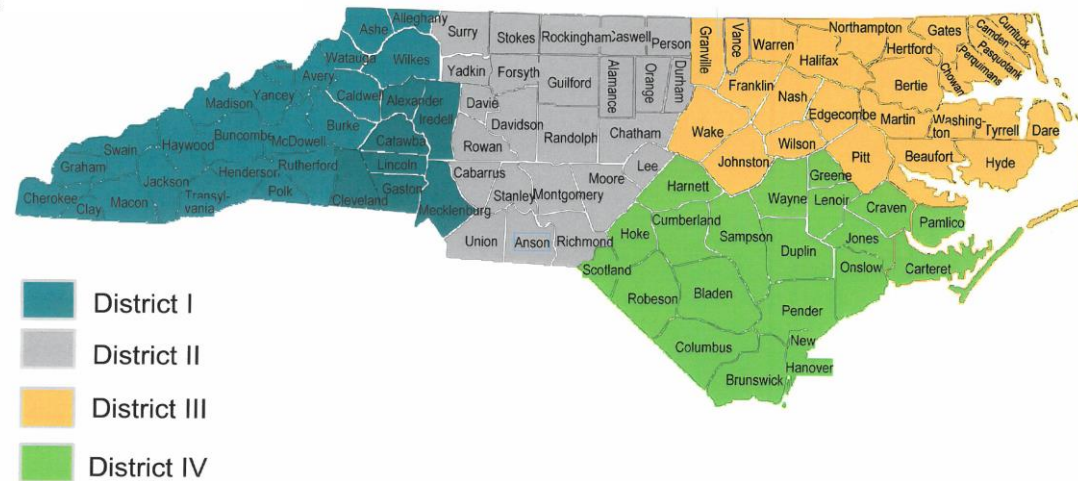
- 1 Director
- 1 Asst. Director
- 3 Supervisors
- 16 Investigators



# REORGANIZE DISTRICTS



Effective Date: July 3, 2017



Effective Date: January 1, 2018

# 2018 REORGANIZATION

Sr.  
Deputy

Crime Analyst

Insurance Company  
Examiner

Professional Standards

2 OSFM Investigators

1 Bail Bond Investigator

Director

Asst. Director

Admin Assistant

District I

7 Criminal Investigators

District II

7 Criminal Investigators

District III

7 Criminal Investigators

District IV

7 Criminal Investigators

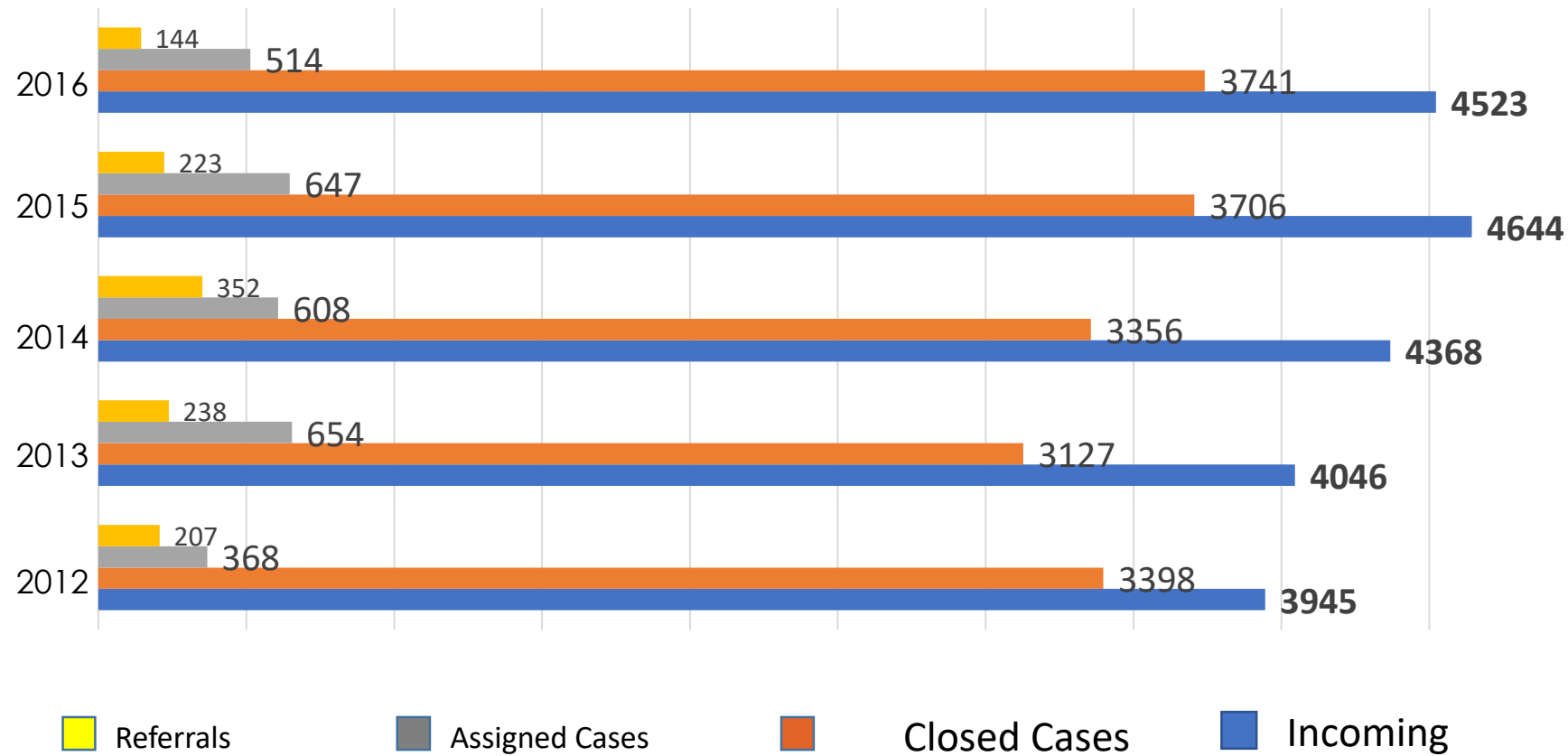


NC DEPARTMENT OF

**INSURANCE**

MIKE CAUSEY • COMMISSIONER

## NCDOT - CID Cases 2012 - 2016



# LEADERSHIP

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# Office of State Fire Marshal – Fire Investigation Unit (FIU)



- 2 - Fire Investigators accepted positions November 1<sup>st</sup>
- Fire Investigators start December 4<sup>th</sup>
- Will start responding January 1<sup>st</sup>

# Fire Investigation Unit (FIU)

Unit will start responding to the following calls January 1st:



- All fire deaths in NC
- Fires involving state owned properties
- Losses that exceeds \$500,000

# Fire Investigation Unit (FIU)

- Met with Director of the State Bureau of Investigations (SBI) and his senior staff to discuss our response and procedures to work together throughout the state.
- Met with the new Arson / Homicide Prosecutor and his supervisor with the Conference of District Attorney's to discuss future.
- The new Fire Investigators will start working this month on policies and procedures and educating the Fire Service of our new mission to Prevent and Educate by Investigating.



Captive enabling legislation signed into law June 19, 2013  
North Carolina Captive Insurance Act effective October 14, 2013

# What is a Captive Insurer?



- A licensed insurance company with the primary purpose of insuring or reinsuring the risks of its affiliates
- A formalized form of self-insurance
- An alternative to a traditional insurer
- A management tool established and designed to meet and/or assist in meeting risk management needs

# Overview

## Captive Insurance Companies Division

- Approval of captive managers
- Licensing of all North Carolina captive insurance companies
- Ongoing regulation of North Carolina licensed captive insurance companies
- Providing education to business owners and their advisors about the North Carolina captive insurance program

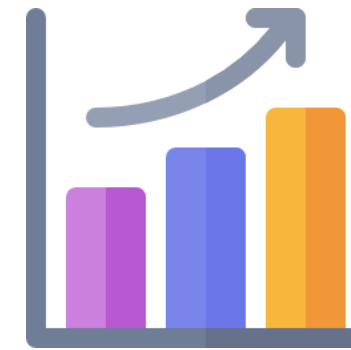


**REGULATION**

Public Awareness

# The Captive Insurance Company Program Today

- **199** captive insurers licensed to operate and **191** captive insurers are currently active, including:
  - Pure captive insurers – **153**
  - Protected cell captive insurers – **25**
  - Special purpose captive insurers – **16**
  - Risk retention groups - **5**
- **383** cells or series approved of which **355** are active
- In total, **554** captive insurance risk-bearing entities are approved, actively conducting business, and regulated by the NCDOI



# 2016

## A Year of N.C. Captive Insurance Program Growth

- Number of N.C. licensed captive insurers nearly doubled in 2016
- N.C. ranked as the **#1** domicile in the world for number of captive insurance companies licensed during 2016
- N.C. ranked as the **#3** domicile in the U.S. for total risk-bearing entities (“risk-bearing entities” includes captive insurers, cells and series)
- N.C. ranked as the **#7** domicile in the world for total risk-bearing entities

Source: Captive Review



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# Size and Budget for Captive Insurance Regulation

- Budget for 2017-2018 amounts to \$1.1 million  
*(primarily comprised of personnel-related expenses of \$1 million)*
- Captive regulatory team consists of **10** team members comprised of 9 financial analysts *(including 3 new analyst positions)* and 1 administrator
- Other NCDOL analysts and examiners assist during peak periods such as December – March

# Economic Impact



**\$41 million impact to N.C. economy 2014-2016**



**60+ jobs created 2014-2016**

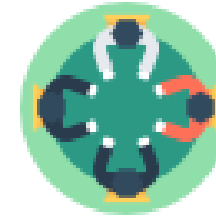


<b>\$23.0M</b>	<b>Impact in 2016</b>
<b>\$15.3M</b>	<b>Impact in 2015</b>
<b>\$ 2.5M</b>	<b>Impact in 2014</b>

*What makes up this figure?*



Premium tax revenue



Service provider revenue  
(attorneys, actuaries, auditors,  
investment managers, captive managers, etc.)



Hospitality revenue